

HOUSING AUTHORITY OF THE  
CITY OF LAKE CHARLES  
Lake Charles, Louisiana  
Financial Statements  
And Supplementary Information  
For the Year Ended September 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate at the office of the parish clerk of court.

Release Date **APR 11 2012**

*Trimm Consulting, APAC*  
1901 Sampson Street  
Westlake, La 70669

**HOUSING AUTHORITY OF THE CITY OF LAKE CHARLES  
LAKE CHARLES, LOUISIANA**

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## Independent Auditor's Report

Board of Commissioners  
Housing Authority of The City  
of Lake Charles  
Lake Charles, Louisiana 70601

Regional Inspector General for Audit  
Department of Housing and Urban  
Development  
221 W Lancaster Street, P O Box 2905  
Fort Worth, Texas 76113

I have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Housing Authority of The City of Lake Charles. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of September 30, 2011, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 15, 2012 on my consideration of the Housing Authority of The City of Lake Charles' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an

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audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 5-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying information identified in the table of contents as supplemental information including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Financial Data Schedule required by the U.S. Department of Housing and Urban Development, and the *Statement & Certification of Actual Modernization Cost*, are not a required part of the basic financial statements of the Housing Authority of The City of Lake Charles. These statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*William V. Trimm, CPA*

Lake Charles, Louisiana  
March 15, 2012

# **Housing Authority of the City of Lake Charles, Louisiana**

## **Management's Discussion and Analysis (MD&A)**

**September 30, 2011**

**(Unaudited)**

We the management of the Housing Authority of The City of Lake Charles present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending September 30, 2011. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Housing Authority exceeded its liabilities at September 30, 2011 by \$41,666,091
- Of this amount, \$16,822,038 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors
- The remainder of \$24,844,053 represents the net amount invested in land, building, furnishings, leasehold improvements, and equipment of \$17,615,290 and restricted cash and investments of \$7,228,763
- The Housing Authority's total net assets increased by \$ 4,018,139, a 10.67% increase from fiscal year 2010
- The Housing Authority continued to operate without the need for debt borrowing during the current fiscal year

### **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The balance sheet presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

# **Housing Authority of The City of Lake Charles, Louisiana**

## **Management's Discussion and Analysis (MD&A)**

**September 30, 2011**

**(Unaudited)**

The statement of revenue, expenses and changes in fund net assets presents information detailing how the Housing Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that are the result of cash flows in prior years or will result in cash flows in future years (e.g., depreciation and earned but unused vacation leave).

The statement of cash flows provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development (HUD) and dwelling rentals.

### **MAJOR PROGRAMS**

The Housing Authority has many programs that are consolidated into a four-column financial statement presentation. The major programs consist of the following:

**Low Income Public Housing** - Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the Housing Authority to provide housing at a rent that is based upon 30% of adjusted gross household income. This program is aggregated in the general fund.

**Capital Fund Program** - The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority's physical and management improvements. The formula funding methodology is based on size and age of the Housing Authority's units. This program is aggregated in the general fund.

**Section 8 Housing Assistance – Housing Choice Vouchers, Shelter Plus Care and Moderate Rehabilitation** - These programs assist low-income families in affording decent, safe and sanitary housing by encouraging property owners to construct new, or rehabilitate existing substandard housing, and then lease the units with rental subsidies to low-income families.

**Disaster Voucher Program (DHAP)** – The voucher funding provided by this program is used to assist families who were receiving housing assistance immediately prior to Hurricane Rita and were displaced from their housing by the hurricane. This program is aggregated in the Section 8 fund.

**Management fund** – The Management Fund accounts for the activities for which the Housing Authority collects management fees from various projects it manages and rental income from owned office/commercial space and disburses general business expenses associated with those activities.

### **FINANCIAL ANALYSIS**

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

# Housing Authority of The City of Lake Charles, Louisiana

## Managements Discussion and Analysis (MD&A)

**September 30, 2011**

(Unaudited)

The Housing Authority utilizes only one fund type, namely the enterprise fund type. An enterprise fund is a proprietary fund type. A proprietary fund utilizes the full accrual method of accounting in which all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The focus of the proprietary fund is on income measurement, which, together with the maintenance of equity, is an important financial indication. The financial statements can be found on pages 11 through 15 of this report.

### Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 16 through 29 of this report.

### Balance Sheet

The following table represents a condensed Balance Sheet as of September 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Current Assets	\$ 22,765,614	\$ 19,063,076
Restricted Assets	705,560	2,157,283
Long-Term Assets	2,000,000	2,000,000
Fixed Assets	<u>17,620,892</u>	<u>16,382,448</u>
Total Assets	<u>\$ 43,092,066</u>	<u>\$ 39,602,807</u>
Current Liabilities	\$ 991,172	\$ 1,646,100
Current liabilities payable for restricted assets	174,887	139,570
Non-current Liabilities	<u>259,916</u>	<u>169,185</u>
Total Liabilities	<u>1,425,975</u>	<u>1,954,855</u>
Net Assets		
Invested in capital assets	17,620,892	16,382,448
Restricted net assets	7,223,161	3,577,128
Unrestricted net assets	<u>16,822,038</u>	<u>17,688,376</u>
Total Net Assets	<u>41,666,091</u>	<u>37,647,952</u>
Total Liabilities and Net Assets	<u>\$ 43,092,066</u>	<u>\$ 39,602,807</u>

continued

# Housing Authority of The City of Lake Charles, Louisiana

## Management's Discussion and Analysis (MD&A)

**September 30, 2011**

(Unaudited)

### **Balance Sheet (Continued)**

As noted earlier, net assets may serve over time as a useful indicator of the improvement or deterioration of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by approximately \$41,666,091 at September 30, 2011 and \$37,647,952 at September 30, 2010.

By far the largest portion of the Housing Authority's net assets (42.27%) is its investments in capital assets (e.g., buildings, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Housing Authority are available for future use to provide program services.

### **Statement of Revenues, Expenses, Capital Contributions, and Changes in Fund Net Assets**

The following table represents a condensed Statement of Revenues, Expenses, and Changes in Net Assets for the year ended September 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Dwelling rental and other	\$ 1,939,464	\$ 2,013,306
Interest Earnings	85,003	123,765
Gain (Loss) on disposition of capital assets	(125)	368
Federal grant	<u>14,909,528</u>	<u>8,565,397</u>
Total Revenue	16,933,870	10,702,836
<b>Expenses</b>		
Administration	2,543,207	2,076,978
Tenant service	75,530	111,614
Utilities	397,196	414,406
Ordinary maintenance and operations	1,605,631	1,759,032
Protective services	117,870	148,683
General expenses	0	191,549
Insurance	844,403	842,956
Casualty Loss	(949)	1,560
Housing assistance payments	7,895,412	6,297,761
Depreciation	<u>1,556,676</u>	<u>1,536,726</u>
Total Expenses	<u>15,034,976</u>	<u>13,381,265</u>

continued



# Housing Authority of The City of Lake Charles, Louisiana

## Managements Discussion and Analysis (MD&A)

**September 30, 2011**

(Un-audited)

### Statement of Revenues, Expenses, Capital Contributions, and Changes in Net Assets-Continued

	<u>2011</u>	<u>2010</u>
Net Income (Loss) before Capital Contributions and Transfers	1,898,894	(2,678,429)
Capital Contributions and Transfers	<u>2,119,245</u>	<u>2,237,552</u>
Net increase (decrease) in net assets	<u>\$ 4,018,139</u>	<u>\$ (440,877)</u>

The net assets of the Housing Authority increased by \$ 4,018,139 and decreased by \$ 440,877 during the years ended September 30, 2011 and 2010 respectively. The Housing Authority's revenues are derived primarily from dwelling rental income and various HUD programs. The Housing Authority's revenues and Capital contributions were sufficient to cover all expenses incurred during the year (excluding depreciation expense).

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### Capital Assets

As of September 30, 2011, the Housing Authority's investment in capital assets for its business-type activities was approximately \$ 17,620,892 (net of accumulated depreciation) compared to \$ 16,382,448 as of September 30, 2010, an increase of \$1,238,444 or 7.56%.

	<u>2011</u>	<u>2010</u>
Land	\$ 1,085,038	\$ 1,085,038
Buildings and Improvements	48,749,429	46,576,836
Furniture, equipment and machinery	2,322,595	1,775,356
Accumulated Depreciation	<u>(34,536,170)</u>	<u>(33,054,782)</u>
Total	<u>\$ 17,620,892</u>	<u>\$ 16,382,448</u>

Major capital asset purchases during the year ended September 30, 2011 include dwelling structure improvements and development activity.

Additional information on the Housing Authority's capital assets can be found in Note 5 on page 25 of this report.

#### Debt

Non-current liabilities include accrued annual vacation and sick leave to employees. The Housing Authority has not incurred any mortgages, leases or bond indentures for financing capital assets or operations.

**Housing Authority of the City of Lake Charles, Louisiana  
Management's Discussion and Analysis (MD&A)**

**September 30, 2011**

**(Un-audited)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority is primarily dependent upon HUD for the funding of operations, therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. HUD has already approved the Budgets for 2011/2012.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Lake Charles, P O Box 1206, Lake Charles, LA 70602 or call (337) 439-4189.

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

ENTERPRISE FUNDS  
Balance Sheet

September 30, 2011

	General	Section 8	Management	Elimination	Totals Primary Government
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	\$ 2,006,205	\$ 4,705,634	\$ 598,231	\$ -	\$ 7,310,070
Investments	1,436,655	7,295,528	117,369	-	8,849,552
Interest receivable	8,286	-	2	-	8,288
Accounts receivable, net	230,586	5,406,044	567,170	-	6,203,800
Interfund receivable	-	174,225	-	(174,225)	-
Inventory	15,544	-	-	-	15,544
Prepaid items and other assets	340,421	10,354	27,585	-	378,360
Total current assets	4,037,697	17,591,785	1,310,357	(174,225)	22,765,614
<b>Restricted assets</b>					
Replacement cash reserve	-	-	-	-	-
Security deposits	174,887	-	-	-	174,887
Investments	-	513,837	-	-	513,837
Accrued interest receivable	-	16,836	-	-	16,836
Total restricted assets	174,887	530,673	-	-	705,560
<b>Capital assets, net</b>					
Land	940,563	-	144,475	-	1,085,038
Buildings and equipment, net	16,019,647	5,602	510,605	-	16,535,854
Total capital assets, net	16,960,210	5,602	655,080	-	17,620,892
<b>Notes, Loans &amp; Mtgs Receivable</b>	-	-	2,000,000	-	2,000,000
Total Notes, Loans & Mtgs Receivable	-	-	2,000,000	-	2,000,000
<b>Other assets</b>	-	-	-	-	-
Total other assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 21,172,794</b>	<b>\$ 18,128,060</b>	<b>\$ 3,965,437</b>	<b>\$ (174,225)</b>	<b>\$ 43,092,066</b>

The notes to the financial statements are an integral part of this statement

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

ENTERPRISE FUNDS  
Statement of Net Assets

September 30, 2011

LIABILITIES AND NET ASSETS	General	Section 8	Management	Elimination	Totals Primary Government
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 82,070	\$ 25,471	\$ 1,607	\$ -	\$ 109,148
Interfund payable	5,924	166,371	1,930	(174,225)	-
Deferred revenues	75,556	314,142	-	-	389,698
Other liabilities	120,156	337,970	5,321	-	463,447
Current portion of compensated absences	26,125	2,679	75	-	28,879
Total current liabilities	309,831	846,633	8,933	(174,225)	991,172
Current liabilities payable from current restricted assets					
Deposits due others	174,887	-	-	-	174,887
Noncurrent liabilities					
Compensated absences payable	235,123	24,115	678	-	259,916
Total liabilities	719,841	870,748	9,611	(174,225)	1,425,975
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	16,960,210	-	655,080	-	17,615,290
Restricted	-	7,228,763	-	-	7,228,763
Unrestricted	3,492,743	10,028,549	3,300,746	-	16,822,038
Net assets	20,452,953	17,257,312	3,955,826	-	41,666,091
 TOTAL LIABILITIES AND NET ASSETS	 \$ 21,172,794	 \$ 18,128,060	 \$ 3,965,437	 \$ (174,225)	 \$ 43,092,066

The notes to the financial statements are an integral part of this statement

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

**ENTERPRISE FUNDS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**

September 30, 2011

	<b>General</b>	<b>Section 8</b>	<b>Management</b>	<b>Total Primary Government</b>
<b>OPERATING REVENUES</b>				
Net Tenant Rental Revenue	\$ 1,575,609	\$ -	\$ 256,864	\$ 1,832,473
Other	2,530	38,683	65,778	106,991
Total operating revenues	<u>1,578,139</u>	<u>38,683</u>	<u>322,642</u>	<u>1,939,464</u>
<b>OPERATING EXPENSES</b>				
Administration	1,480,020	967,609	95,578	2,543,207
Tenant services	75,530	-	-	75,530
Utilities	363,867	23,271	10,058	397,196
Ordinary maintenance and operations	1,420,162	90,773	94,696	1,605,631
Insurance	753,711	35,717	54,975	844,403
Protective services	71,070	-	46,800	117,870
General expenses	-	-	-	-
Casualty Loss	(949)	-	-	(949)
Housing assistance payments	-	7,895,412	-	7,895,412
Depreciation	1,530,043	2,907	23,726	1,556,676
Total operating expenses	<u>5,693,454</u>	<u>9,015,689</u>	<u>325,833</u>	<u>15,034,976</u>
	<u>(4,115,315)</u>	<u>(8,977,006)</u>	<u>(3,191)</u>	<u>(13,095,512)</u>
<b>Nonoperating revenues (expenses)</b>				
Interest earnings	31,001	53,151	851	85,003
Gain (loss) on disposition of capital assets	(125)	-	-	(125)
Federal grants	2,639,202	12,270,326	-	14,909,528
Total nonoperating revenues (expenses)	<u>2,670,078</u>	<u>12,323,477</u>	<u>851</u>	<u>14,994,406</u>
<b>Net income (loss) before transfers and contributions</b>	<u>(1,445,237)</u>	<u>3,346,471</u>	<u>(2,340)</u>	<u>1,898,894</u>
Transfers Between Programs and Projects	676,001	(676,001)	-	-
Capital contributions	<u>2,119,245</u>	<u>-</u>	<u>-</u>	<u>2,119,245</u>
Change in net assets	1,350,009	2,670,470	(2,340)	4,018,139
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>19,102,944</u>	<u>14,586,842</u>	<u>3,958,166</u>	<u>37,647,952</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 20,452,953</u>	<u>\$ 17,257,312</u>	<u>\$ 3,955,826</u>	<u>\$ 41,666,091</u>

The notes to the financial statements are an integral part of this statement

Housing Authority of The City of Lake Charles  
**ENTERPRISE FUNDS**  
Statement of Cash Flows  
For the Year Ended September 30, 2011

	General	Section 8	Management	Total Primary Government
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Rental receipts	\$ 1,534,104	\$ -	\$ 256,864	\$ 1,790,968
Payments to vendors	(3,100,627)	(303,511)	(297,922)	(3,702,060)
Payments to employees	(1,062,764)	(813,859)	(29,620)	(1,906,263)
Other receipts (payments)	175,470	527,849	(459,337)	243,982
Payments to private landlords	-	(7,895,412)	-	(7,895,412)
Net cash provided by (used in) operating activities	(2,453,837)	(8,484,933)	(530,015)	(11,468,785)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Federal Grants	1,828,763	6,586,576	-	8,415,339
Net cash provided by (used in) noncapital financing activities	1,828,763	6,586,576	-	8,415,339
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	2,119,245	-	-	2,119,245
Purchase of capital assets	(1,265,076)	2,907	23,725	(1,238,444)
Proceeds from sales of capital assets	(125)	-	-	(125)
Net cash provided by (used in) capital and related financing activities	854,044	2,907	23,725	880,676
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	-	1,000,000	-	1,000,000
Purchase of investments	(23,278)	(33,937)	(663)	(57,878)
Interest and dividends received	22,715	63,717	849	87,281
Net cash provided by (used in) investing activities	(563)	1,029,780	186	1,029,403
Net increase (decrease) in cash and cash equivalents	228,407	(865,670)	(506,104)	(1,143,367)
Cash and cash equivalents at beginning of year	1,952,685	5,571,304	1,104,335	\$ 8,628,324
Cash and cash equivalents at end of year	\$ 2,181,092	\$ 4,705,634	\$ 598,231	\$ 7,484,957

The notes to the financial statement are an integral part of this statement

Housing Authority of The City of Lake Charles  
**ENTERPRISE FUNDS**  
**Statement of Cash Flows**  
For the Year Ended September 30, 2011

	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total Primary Government</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (4,115,315)	\$ (8,977,006)	\$ (3,191)	\$ (13,095,512)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	1,530,043	2,907	23,726	1,556,676
Changes in assets and liabilities				
(Increase) decrease in accounts receivable	(13,784)	(385,441)	(38,063)	(437,288)
(Increase) decrease in interfund receivables	-	814,902	9,248	824,148
(Increase) decrease in inventory	21,105	-	-	21,105
(Increase) decrease in prepaid items	37,175	13,345	(140)	50,380
(Increase) decrease in accounts payable	(93,803)	16,917	-	(76,886)
Increase (decrease) in other liabilities	73,120	337,970	839	411,929
Increase (decrease) in interfund payables	(1,133)	(299,830)	(523,185)	(824,148)
Increase (decrease) in compensated absences	108,755	(8,697)	753	100,811
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ (2,453,837)</u></u>	<u><u>\$ (8,484,933)</u></u>	<u><u>\$ (530,015)</u></u>	<u><u>\$ (11,468,785)</u></u>
 Reconciliation of cash and cash equivalents at end of year to Balance Sheet presentation				
Cash	\$ 2,006,205	\$ 4,705,634	\$ 598,231	\$ 7,310,070
Replacement cash reserve	-	-	-	-
Security deposits	174,887	-	-	174,887
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 2,181,092</u></u>	<u><u>\$ 4,705,634</u></u>	<u><u>\$ 598,231</u></u>	<u><u>\$ 7,484,957</u></u>

The notes to the financial statements are an integral part of this statement

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 1 - Organization and Summary of Significant Accounting Policies**

The Housing Authority of The City of Lake Charles (the Authority) was incorporated April 25, 1940 under the authority of the Constitution and statutes (LSA R S 40.381) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations in Lake Charles, Louisiana.

**A. Financial Reporting Entity**

GASB Statement 14, *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The Authority is a related organization of the City of Lake Charles since the Honorable Mayor of the City of Lake Charles appoints the Authority's governing board. The Authority's governing board is composed of five members appointed for staggered five-year terms. The City of Lake Charles is not financially accountable for the Authority as it is not able to impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the City of Lake Charles. Accordingly, the Authority is not a component unit of the financial reporting entity of the City of Lake Charles or any other governmental unit.

In determining how to define the reporting entity, management has considered all potential component units. Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Authority for financial reporting purposes. The criterion include manifestation of oversight responsibility; including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

Based on the previous criteria, the Authority has determined that there are no component units that should be considered as part of the Authority's reporting entity.

continued



Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 1 - Organization and Summary of Significant Accounting Policies  
(Continued)**

**A. Financial Reporting Entity (Continued)**

Programs within the general and Section 8 funds operated by the Authority receive federal financial assistance from the U.S. Department of Housing and Urban Development (HUD), and are subject to applicable laws and regulations. The operations of each fund are accounted for through a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Federal contributions are received and accounted for in the individual programs based upon the purposes for which they are to be spent. The Authority is not subject to income taxes

A brief description of the various programs is as follows:

- **Housing Authority Owned Rental Housing (FW-1132)** - Approximately 833 units of low-income public housing is owned by the Housing Authority of The City of Lake Charles. Low Income is defined by published entry in the Federal Register per Standard Metropolitan Statistical Areas (SMSA). Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing.
- **Section 8 Public Owned Rental Housing** - Section 8 Public Housing is a program designed to allow private homeowners to lease their houses to low-income families. The rents are set by the Federal Government and published in the Federal Register and cannot be increased without HUD approval. Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing. The Housing Authority of The City of Lake Charles makes up the difference between the tenants portion of the rent and the Fair Market Rent as subsidy to the homeowner. Section 8 has evolved into two programs.

Housing Choice Vouchers (FW-2228V) – 1,617 units  
Moderate Rehab (FW-2074) – 72 units

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 1 - Organization and Summary of Significant Accounting Policies  
(Continued)**

**A. Financial Reporting Entity (Continued)**

- **PHA Owned Rental Housing** - PHA Owned Housing consists of approximately 119 units, which the Housing Authority of The City of Lake Charles has acquired through the Federal Home Loan Bank Affordable Housing Program. The basic Section 8 rules apply. The qualifications are the same income limits published in the Federal Register for Low Income Public Housing tenants. Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing.
- **Shelter Plus Care Housing** - This program provides for housing for homeless individuals and families with special disabilities. The basic Section 8 rules apply.
- **PHA Owned Rental Housing and Other Properties** - This program consists of PHA owned housing units and other properties acquired through management fees and earnings. Fair rental values are established and charged for the housing units but low-income guidelines do not apply.

**B. Funds**

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Authority are classified as proprietary. The general fund accounts for transactions of the public housing low rent program and the capital fund program. The Section 8 fund accounts for transactions of the housing choice voucher program, the moderate rehab program, and the shelter plus care housing program. The management program accounts for owned housing and other properties and management fees received for which the Authority is the managing agent.

continued

**Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana**

**Notes to Basic Financial Statements**

**September 30, 2011**

**Note 1 - Organization and Summary of Significant Accounting Policies  
(Continued)**

**C. Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Authority has elected, pursuant to Governmental Accounting Standards Board (GASB) Statement 20, to apply all GASB pronouncements and only FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 1 - Organization and Summary of Significant Accounting Policies  
(Continued)**

**D. Budgets**

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required for financial statement presentation.

**E. Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Authority considers all highly liquid financial instruments purchased with an original maturity of 90 days or less when purchased to be cash equivalents. The Authority had no cash equivalents at September 30, 2011

**F. Investments**

Investments are limited by LSA-R.S. 33:2955 and the Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments included certificates of deposits totaling \$9,363,389, of which \$513,837 is classified as restricted. The investments are reflected at fair value except for the following, which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Authority reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

**Definitions:**

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, guaranteed investment contracts and mortgage-backed securities.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 1 - Organization and Summary of Significant Accounting Policies  
(Continued)**

**G. Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for services rendered. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Additionally, transactions occur between individual funds as a result of the use of a common paymaster for shared costs of the Authority. Cash settlements are made periodically. These receivables and payables are classified as inter-fund receivables/payables

**H. Inventory**

All purchased inventory items are valued at cost using first-in, first-out method. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed

**I. Prepaid Items**

Payments made to vendors that will benefit periods beyond the fiscal year end are recorded as prepaid items

**J. Restricted Assets**

Certain assets are classified as restricted assets on the balance sheet because their use is restricted for modernization programs, security deposits held in trust, and for the replacement of property and other project expenditures approved by HUD.

**K. Capital Assets**

The Authority's purchased capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The Authority's policy is to capitalize significant items of equipment, major renovations, buildings, and real estate. The Authority capitalizes equipment and/or personal property with an initial cost of \$1,000 or more and an anticipated life or useful value of said equipment or property of more than one year. The capitalization threshold applies to all capital assets with the exception of ranges and refrigerators.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 1 - Organization and Summary of Significant Accounting Policies  
(Continued)**

**K. Capital Assets (continued)**

Straight-line depreciation is calculated in accordance with PHA-GAAP guidelines as follows:

Original buildings	40 years
Site improvements	15-40 years
Furniture, equipment, and machinery	5-10 years
Vehicles	5-10 years
Computers	3 years

When capital assets are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations

**L. Deferred Revenues**

The Authority reports deferred revenues on its balance sheet. Deferred revenues arise when the Authority receives resources before it has a legal claim to them. In subsequent periods, when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized

**M. Compensated Absences**

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Annual and sick leave is earned by each full-time and each part-time associate who has a regular tour of duty, except that no associate shall earn annual or sick leave while serving on restricted appointment or while using leave from an agency leave pool as defined in Rule 11.34. The earning of such leave is based on the equivalent of years of full-time State service and shall be creditable at the end of each calendar month or at the end of each regular pay period based on graduated rates per hour. Accrued unused annual and sick leave earned by an associate shall be carried forward to succeeding calendar years. Upon separation from the Authority, an associate is paid the value of his accrued annual leave in a lump sum up to a maximum of 300 hours disregarding any final fraction of an hour; provided the privileges of this rule shall not extend to any associate who is dismissed for theft of Authority funds or property. Upon separation from the Authority, an associate is not compensated for sick leave.

continued

**Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana**

**Notes to Basic Financial Statements  
September 30, 2011**

**Note 1 - Organization and Summary of Significant Accounting Policies  
(Continued)**

**N. Restricted Net Assets**

Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**O. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

continued

**Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana**

**Notes to Basic Financial Statements**

**September 30, 2011**

**Note 2- Deposits and Investments**

The Authority's investments are limited to those allowed by state statute. At September 30, 2011, the Authority's investments consisted of certificates of deposit.

**Custodial Credit Risk-Deposits:** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Cash is shown on the balance sheet under various captions including restricted assets. The carrying value of the deposits with financial institutions on September 30, 2011 was \$ 17,606,246. Of this amount \$ 2,750,000 is totally insured by FDIC insurance. The balance of \$ 14,856,246 was secured by collateral held by the pledging financial institution agent in the name of the pledging financial institutions and pledged to the Housing Authority of The City of Lake Charles.

Although the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon request.

Under state law, the Authority's demand deposits are required to be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC), and pledged securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

**Custodial Credit Risk – Investments** For an investment, this is the risk that, in the event of the failure of the counter-party, the Authority will not be able to recover the value of its investments or collateral securities are in the possession of an outside party. The Authority does maintain investment accounts at a financial institution.

**Interest Rate Risk:** The Authority's policy does not address interest rate risk.



Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 3 - Accounts Receivable**

The accounts receivable at September 30, 2011 are as follows

Class of Receivable	General	Section 8	Management	Total
Local sources				
Tenants	\$ 20,019	\$ 50	\$ -	\$ 20,069
AR-Ins miscellaneous	670	374,875	559,788	935,333
AR-PHA projects	200,564	5,031,119	-	5,231,683
Federal sources				
Other Government	-	-	7,382	7,382
Due from HUD	9,333	-	-	9,333
	<u>\$ 230,586</u>	<u>\$ 5,406,044</u>	<u>\$ 567,170</u>	<u>\$ 6,203,800</u>

The accounts receivable – other consists of balances due from other entities the Authority manages and consists of balances due from other entities that are commercial property tenants. The Authority expects to collect those balances in full. Included in tenants accounts receivable are repayment agreements for fraudulently reporting incorrect income amounts for past rental calculations

**Note 4 – Prepaid Items**

Prepaid items as of September 30, 2011 consisted of prepaid insurance of \$378,360

**Note 5 – Capital Assets** Changes in capital assets and accumulated depreciation during the current year are as follows:

	9/30/2010			9/30/2011	
	Cost	Additions	Dispositions	Cost	
Land	\$ 1,085,038	\$ -	\$ -	\$ 1,085,038	
Building and Improvements	46,576,836	2,560,395	-	49,137,231	
Furniture, equipment, and machinery	1,775,356	234,849	75,412	1,934,793	
	<u>\$ 49,437,230</u>	<u>\$ 2,795,244</u>	<u>\$ 75,412</u>	<u>52,157,062</u>	
Accumulated depreciation:					
Balance 09/30/10				32,979,494	
Current year depreciation				1,556,676	
Current year dispositions				-	
Balance 09/30/11				<u>34,536,170</u>	
Capital assets, net of accumulated depreciation				<u>\$ 17,620,892</u>	

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 6 – Inter-fund Receivables/Payables**

The following schedule reports receivables and payables within the reporting entity at September 30, 2011

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General		
Housing Choice Vouchers	-	5,924
	-	5,924
Section 8		
Disaster Housing	158,231	-
Fed. Act Sect 901	11,151	-
14 IKE	-	163,195
Housing Choice Vouchers	-	3,176
Moderate Rehab	4,843	-
	174,225	166,371
Management		
Housing Choice Vouchers	-	1,930
	-	1,930
Totals	<u>\$ 174,225</u>	<u>\$ 174,225</u>

**Note 7 - Accounts Payable**

The accounts payable at September 30, 2010 are as follows.

Class of Payable	General	Section 8	Management	Total
Vendors	\$ 82,070	\$ 25,471	\$ 1,607	\$ 109,148
Other Liabilities	120,156	337,970	5,321	463,447
Deferred Revenues	75,556	314,142	-	\$ 389,698
	<u>\$ 277,782</u>	<u>\$ 677,583</u>	<u>\$ 6,928</u>	<u>\$ 962,293</u>

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 8 – General Long-Term Obligations**

The following is a summary of the long-term obligation transactions for the year ended September 30, 2011, which consisted of, compensated absences.

Balance, beginning	\$ 187,984
Net Changes	<u>71,932</u>
Balance, ending	<u><u>\$ 259,916</u></u>
Amounts due in one year	<u><u>\$ 28,879</u></u>

In the past the liability has been liquidated by the general fund.

**Note 9 – Retirement Plan**

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Authority provides pension benefits for all of its full-time employees. All regular and full time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. The Board of Commissioners of the Authority determines plan provisions and changes to plan contributions.

Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

Under the plan, the Authority contributes 8.5% of the employee's basic (excludes overtime) monthly salary to the plan with the provision that the employee is required to contribute a minimum of 6%. The Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Authority. Normal retirement date shall be the first day of the month following the employee's 65<sup>th</sup> birthday.

The Authority's total payroll for the year ended September 30, 2011 was \$ 1,718,988. The Authority's contributions were calculated using the base salary amount of \$ 1,547,376. The Authority made the required contributions of \$ 131,531 for the year ended September 30, 2011.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 10 - Contingencies and Commitments**

**Litigation** At September 30, 2011, the Authority was involved in a variety of litigation. It is the opinion of the legal advisor of the Authority that this litigation would not have a material effect on the financial statements and that any potential liability would be covered by insurance.

**Grant Disallowances** In the normal course of operations, the Authority receives grant funds from federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management of the Authority believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**Construction Projects** There are construction projects in progress at September 30, 2011, which include modernizing rental units. HUD funds these projects. Funds are requested periodically as the cost is incurred

**Note 11 – Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 12 - Management Agreement**

The Authority entered into a management agreement with Chateau du Lac Limited Partnership on November 24, 1981 whereby the Authority will have the duty of maintaining, servicing, repairing, promoting, publicizing, operating, and managing an apartment complex owned by Chateau du Lac Limited Partnership. The agreement calls for a management fee, from occupancy date, of 4 ½% of gross rental income. Management fee income for the year ended September 30, 2011 was \$ 57,928.

continued

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2011

**Note 12 - Management Agreement (Continued)**

In July 2001 the Authority received approval from the United States Department of Housing and Urban Development (HUD) to become the management agent of a second property. The Authority will have the duty of maintaining, servicing, repairing, promoting, publicizing, operating, and managing a housing complex owned by Willow Manor, Inc. The management fee set forth and approved by HUD, is 8.9% of residential income collected. Management fee income for the year ended September 30, 2011 was \$ 7,850.

**Note 13 – Economic Dependence and Current Vulnerability Due to Certain Concentrations**

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$ 17,028,773 to the Authority, which represents approximately 89% of the Authority's total revenue for the year.

The Authority's operations are concentrated in the public housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay the related cost, including additional administrative burden, to comply with a change.

**Note 14 – Financing of Note Receivable**

In 2009 The Authority financed a non-cash sale of property it made to the Villages of Lake Charles Development, L.P. II with two non-recourse promissory notes. These notes total \$ 2,000,000 and are due and payable at the earlier of: the closing and funding of a \$ 2,000,000 non-recourse permanent loan from Alliant Capital, LLC, or permanent financing provided by the Lake Charles Housing Authority; or December 31, 2012.

## **SUPPLEMENTARY INFORMATION**

**Statement & Certification of Actual Modernization Cost**

**Financial Data Schedule**

**Housing Authority of The City of Lake Charles  
Statement and Certification of Actual Modernization Cost  
Annual Contribution Contract**

**September 30, 2011**

**1 The Actual Modernization Costs are as follows**

	<u>(2007) Capital Fund</u>	<u>Stimulus (2009) Capital Fund</u>
Funds approved	\$ 1,314,402	\$ 1,811,067
Funds expended	<u>\$ 1,314,402</u>	<u>\$ 1,811,067</u>
Excess of funds approved	<u>\$ 0</u>	<u>\$ 0</u>
Funds advanced	\$ 1,314,402	\$ 1,811,067
Funds expended	<u>\$ 1,314,402</u>	<u>\$ 1,811,067</u>
Excess of funds advanced	<u>\$ 0</u>	<u>\$ 0</u>

- 2 The distribution of costs by project as shown on the Final Statements of Modernization Costs accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records
- 3 All modernization costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana  
For the Year Ended September 30, 2011

	14 238	14 850	14 IKE	
Account Description	Business Activities	Shelter Plus Care	Low Rent Public Housing	DHAP- IKE
Cash-Unrestricted	\$598,231	\$0	\$2,008,205	\$211,343
Cash-other restricted	\$0	\$0	\$0	\$0
Cash-Tenant Security Deposits	\$0	\$0	\$174,887	\$0
Total Cash	\$598,231	\$0	\$2,181,092	\$211,343
Accounts Receivable-PHA Projects	\$0	\$0	\$200,564	\$0
Accounts Receivable-HUD Other Projects	\$0	\$0	\$9,333	\$0
Accounts Receivable-Other Government	\$7,382	\$0	\$0	\$0
Accounts Receivable-Miscellaneous	\$559,788	\$0	\$670	\$374,875
Accounts Receivable-Tenants-Dwelling Rents	\$0	\$0	\$41,505	\$0
Allowance for Doubtful Accounts-Tenants	\$0	\$0	(\$21,488)	\$0
Allowance for Doubtful Accounts-Other	\$0	\$0	\$0	\$0
Fraud Recovery	\$0	\$0	\$0	\$5,082
Allowance for Doubtful Accounts-Fraud	\$0	\$0	\$0	(\$5,032)
Accrued Interest Receivable	\$2	\$0	\$8,286	\$983
Total Receivables, net of allowance for doubtful accounts	\$567,172	\$0	\$238,872	\$375,908
Investments-Unrestricted	\$117,389	\$0	\$1,436,655	\$514,415
Investments-Restricted	\$0	\$0	\$0	\$0
Prepaid Expenses and Other Assets	\$27,585	\$0	\$340,421	\$0
Inventories	\$0	\$0	\$15,544	\$0
Interprogram Due From	\$0	\$0	\$0	\$0
Total Current Assets	\$1,310,357	\$0	\$4,212,584	\$1,101,666
Land	\$144,475	\$0	\$940,563	\$0
Buildings	\$615,286	\$0	\$48,134,143	\$0
Furniture, Equipment & Machinery-Dwellings	\$8,000	\$0	\$1,074,955	\$0
Furniture, Equipment & Machinery-Administration	\$9,291	\$0	\$763,758	\$0
Leasehold Improvements	\$323,049	\$0	\$64,753	\$0
Accumulated Depreciation	(\$445,021)	\$0	(\$34,017,982)	\$0
Total Fixed Assets, Net of Accumulated Depreciation	\$655,080	\$0	\$16,960,210	\$0
Notes, Loans & Mortgages Receivable	\$2,000,000	\$0	\$0	\$0
Total Non-Current Assets	\$2,655,080	\$0	\$16,960,210	\$0
Total Assets	\$3,965,437	\$0	\$21,172,794	\$1,101,666
Accounts Payable<=90 days	\$1,607	\$0	\$82,070	\$0
Accounts Payable >=90 Days	\$0	\$0	\$0	\$0
Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$166	\$0
Accrued Compensated Absences - Current Portion	\$75	\$0	\$26,125	\$199
Accounts Payable-HUD PHA Programs	\$0	\$0	\$0	\$0
Accounts Payable-Other Government	\$5,321	\$0	\$119,990	\$0
Tenant Security Deposits	\$0	\$0	\$174,887	\$0
Deferred Revenues	\$0	\$0	\$75,556	\$0
Other Current Liabilities	\$0	\$0	\$0	\$286,125
Interprogram Due To	\$1,930	\$0	\$5,924	\$163,195
Total Current Liabilities	\$8,933	\$0	\$484,718	\$459,519
Accrued Compensated Absences-Non Current	\$678	\$0	\$235,123	\$1,790
Total Noncurrent Liabilities	\$678	\$0	\$235,123	\$1,790
Total Liabilities	\$9,611	\$0	\$719,841	\$461,309
Total Contributed Capital	\$0	\$0	\$0	\$0
Invested in Capital Assets, Net of Related Debt	\$655,080	\$0	\$16,960,210	\$0
Restricted Net Assets	\$0	\$0	\$0	\$0
Unrestricted Net Assets	\$3,300,746	\$0	\$3,492,743	\$640,357
Total Equity/Net Assets	\$3,955,826	\$0	\$20,452,953	\$640,357
Total Liabilities and Equity/Net Assets	\$3,965,437	\$0	\$21,172,794	\$1,101,666



14 856 Lower Income-HAP Section 8 Mod Rehabilitation MR0002/MR0003	14 871 Housing Choice Vouchers	14 DVP Disaster Voucher Program	97 109 Disaster Housing Assistance Grant	14 ESA Federal Activity- Sect 901 Emerg Supp	Total
\$142,559	\$382,634	\$0	\$40,234	\$1,931,373	\$5,312,579
\$0	\$435,642	\$1,561,849	\$0	\$0	\$1,997,491
\$0	\$0	\$0	\$0	\$0	\$174,887
\$142,559	\$818,276	\$1,561,849	\$40,234	\$1,931,373	\$7,484,957
\$0	\$5,031,119	\$0	\$0	\$0	\$5,231,683
\$0	\$0	\$0	\$0	\$0	\$9,333
\$0	\$0	\$0	\$0	\$0	\$7,382
\$0	\$0	\$0	\$0	\$0	\$935,333
\$0	\$0	\$0	\$0	\$0	\$41,505
\$0	\$0	\$0	\$0	\$0	(\$21,486)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,835	\$203,097	\$0	\$0	\$0	\$211,014
(\$2,835)	(\$203,097)	\$0	\$0	\$0	(\$210,964)
\$0	\$304	\$458	\$534	\$14,557	\$25,124
\$0	\$5,031,423	\$458	\$534	\$14,557	\$6,228,924
\$0	\$181,157	\$0	\$513,786	\$6,088,170	\$8,849,552
\$0	\$0	\$513,837	\$0	\$0	\$513,837
\$1,305	\$9,049	\$0	\$0	\$0	\$378,360
\$0	\$0	\$0	\$0	\$0	\$15,544
\$0	\$4,843	\$0	\$158,231	\$11,151	\$0
\$143,864	\$6,044,748	\$2,076,144	\$712,785	\$8,043,251	\$23,471,174
\$0	\$0	\$0	\$0	\$0	\$1,085,038
\$0	\$0	\$0	\$0	\$0	\$48,749,429
\$0	\$0	\$0	\$0	\$0	\$1,082,955
\$0	\$78,789	\$0	\$0	\$0	\$851,838
\$0	\$0	\$0	\$0	\$0	\$387,802
\$0	(\$73,187)	\$0	\$0	\$0	(\$34,538,170)
\$0	\$5,602	\$0	\$0	\$0	\$17,620,892
\$0	\$0	\$0	\$0	\$0	\$2,000,000
\$0	\$5,602	\$0	\$0	\$0	\$19,620,892
\$143,864	\$6,050,350	\$2,076,144	\$712,785	\$8,043,251	\$43,092,066
\$0	\$1,099	\$0	\$0	\$0	\$84,776
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$166
\$101	\$2,379	\$0	\$0	\$0	\$28,879
\$24,372	\$0	\$0	\$0	\$0	\$24,372
\$0	\$0	\$0	\$0	\$0	\$125,311
\$0	\$0	\$0	\$0	\$0	\$174,887
\$0	\$314,142	\$0	\$0	\$0	\$389,698
\$0	\$0	\$0	\$0	\$41,845	\$337,970
\$3,176	\$0	\$0	\$0	\$0	\$5,824
\$27,649	\$317,620	\$0	\$0	\$41,845	\$1,166,059
\$911	\$21,414	\$0	\$0	\$0	\$259,916
\$911	\$21,414	\$0	\$0	\$0	\$259,916
\$28,560	\$339,034	\$0	\$0	\$41,845	\$1,425,975
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$5,602	\$0	\$0	\$0	\$17,620,892
\$0	\$5,147,017	\$2,076,144	\$0	\$0	\$7,223,161
\$115,304	\$558,697	\$0	\$712,785	\$8,001,406	\$16,822,038
\$115,304	\$5,711,316	\$2,076,144	\$712,785	\$8,001,406	\$41,666,091
\$143,864	\$6,050,350	\$2,076,144	\$712,785	\$8,043,251	\$43,092,066

Housing Authority of the City of Lake Charles  
Lake Charles, Louisiana

**FINANCIAL DATA SCHEDULE**  
For the Year Ended September 30, 2010

Account Description	14 238 Business Activities	14 238 Shelter Plus Care	14 850 Low Rent Public Housing	14 IKE DHAP- IKE	14 855 Formula Capital Fund Stimulus Grant
Net Tenant Rental Revenue	\$256,864	\$0	\$1,575,609	\$0	\$0
Tenant Revenue-Other	\$0	\$0	\$0	\$0	\$0
Total Tenant Revenue	\$256,864	\$0	\$1,575,609	\$0	\$0
HUD PHA Operating Grants	\$0	\$50,453	\$2,639,202	\$13,208	\$0
Capital Grants	\$0	\$0	\$939,402	\$0	\$1,179,843
Investment Income-Unrestricted	\$851	\$0	\$31,001	\$4,139	\$0
Fraud Recovery	\$0	\$0	\$0	\$920	\$0
Other Revenue	\$65,778	\$0	\$2,530	\$0	\$0
Gain/Loss on Sale of Capital Assets	\$0	\$0	(\$125)	\$0	\$0
Investment Income-Restricted	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$323,493	\$50,453	\$5,187,619	\$18,267	\$1,179,843
Administrative Salaries	\$29,620	\$0	\$777,644	\$68,123	\$0
Book-keeping and Auditing Fees	\$1,254	\$0	(\$118,239)	\$2,145	\$0
Management Fees	\$0	\$0	(\$224,784)	\$1,512	\$0
Compensated Absences	\$0	\$0	\$0	\$0	\$0
Employee Benefit Contributions-Administrative	\$8,531	\$0	\$342,239	\$48,551	\$0
Other Operating-Administrative	\$26,234	\$3,737	\$490,013	\$90,819	\$0
Tenant Services-Salaries	\$0	\$0	\$36,215	\$0	\$0
Legal Expenses	\$0	\$0	\$32,631	\$0	\$0
Travel	\$10,800	\$0	\$35,932	\$0	\$0
Employee Benefit Contributions-Tenant Services	\$0	\$0	\$14,436	\$0	\$0
Tenant Services-Other	\$0	\$0	\$24,879	\$0	\$0
Water	\$884	\$0	\$218,466	\$0	\$0
Electricity	\$7,808	\$0	\$112,061	\$0	\$0
Gas	\$1,366	\$0	\$33,340	\$0	\$0
Ordinary Maintenance and Operations-Labor	\$0	\$0	\$578,865	\$0	\$0
Ordinary Maintenance and Operations-Materials and Other	\$1,631	\$0	\$352,699	\$0	\$0
Ordinary Maintenance and Operations-Contract Costs	\$85,412	\$0	\$264,936	\$204	\$0
Employee Benefit Contributions-Ordinary Maintenance	\$7,653	\$0	\$223,661	\$0	\$0
Protective Services-Other Contract Costs	\$46,800	\$0	\$71,070	\$0	\$0
Property Insurance	\$49,931	\$0	\$644,742	\$2,593	\$0
Liability Insurance	\$2,923	\$0	\$36,938	\$0	\$0
Workman's Compensation	\$0	\$0	\$34,164	\$3,471	\$0
All Other Insurance	\$2,121	\$0	\$37,867	\$0	\$0
Other General Expenses	\$0	\$0	\$0	\$0	\$0
Payments in Lieu of Taxes	\$5,321	\$0	\$119,601	\$0	\$0
Bad Debt-Tenant Rents	\$13,818	\$0	\$24,983	\$0	\$0
Total Operating Expenses	\$302,107	\$3,737	\$4,164,359	\$217,418	\$0
Excess Operating Revenue over Operating Expenses	\$21,386	\$46,716	\$1,023,260	(\$199,151)	\$1,179,843
Casualty Losses-Non-Capitalized	\$0	\$0	(\$949)	\$0	\$0
Housing Assistance Payments	\$0	\$46,716	\$0	\$71,888	\$0
Depreciation Expense	\$23,726	\$0	\$1,530,043	\$0	\$0
Total Expenses	\$325,833	\$50,453	\$5,693,453	\$289,306	\$0
Operating Transfers In	\$0	\$0	\$252,216	\$0	\$0
Operating Transfers Out	\$0	\$0	(\$252,216)	\$0	\$0
Transfers between Program and Project-In	\$0	\$0	\$676,001	\$0	\$0
Transfers between Project and Program-Out	\$0	\$0	\$0	\$0	\$0
Total Other Financing Sources (Uses)	\$0	\$0	\$676,001	\$0	\$0
Excess-Deficiency of Operating Revenue Over (Under)	(\$2,340)	\$0	\$170,167	(\$271,039)	\$1,179,843
Debt Principle Payments	\$0	\$0	\$0	\$0	\$0
Beginning Equity	\$3,958,166	\$0	\$19,102,943	\$911,396	\$0
Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$1,179,843	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Unit Months Available			9,996		
Number of Unit Months Leased			9,355		

14 858 Lower Income-HAP Section 8 Mod Rehabilitation MR0002/MR0003	14 871 Housing Choice Vouchers	14 DVP Disaster Voucher Program	97 109 Disaster Housing Assistance Grant	14 ESA Federal Activity- Sect 901 Emer Supp	Total
\$0	\$0	\$0	\$0	\$0	\$1,832,473
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$1,832,473
\$420,068	\$11,786,597	\$0	\$0	\$0	\$14,909,528
\$0	\$0	\$0	\$0	\$0	\$2,119,245
\$425	\$2,928	\$0	\$3,758	\$41,901	\$85,003
\$668	\$25,144	\$0	\$0	\$0	\$26,732
\$0	\$1,052	\$0	\$0	\$333	\$69,693
\$0	\$0	\$0	\$0	\$0	(\$125)
\$0	\$343	\$10,223	\$0	\$0	\$10,566
\$421,161	\$11,816,064	\$10,223	\$3,758	\$42,234	\$19,053,115
\$7,378	\$181,838	\$0	\$0	\$0	\$1,064,701
\$8,732	\$134,264	\$0	\$0	\$2,100	\$30,256
\$9,348	\$213,924	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$5,083	\$80,645	\$0	\$0	\$0	\$485,049
\$2,691	\$71,030	\$0	\$0	\$7,291	\$691,815
\$0	\$0	\$0	\$0	\$0	\$36,215
\$0	\$986	\$0	\$0	\$0	\$33,617
\$250	\$5,455	\$0	\$0	\$0	\$52,437
\$0	\$0	\$0	\$0	\$0	\$14,436
\$0	\$0	\$0	\$0	\$0	\$24,879
\$261	\$671	\$0	\$0	\$0	\$220,282
\$428	\$21,761	\$0	\$0	\$0	\$142,058
\$0	\$150	\$0	\$0	\$0	\$34,856
\$0	\$0	\$0	\$0	\$0	\$578,865
\$0	\$2,962	\$0	\$0	\$0	\$357,292
\$657	\$85,458	\$0	\$0	\$1,492	\$438,159
\$0	\$0	\$0	\$0	\$0	\$231,314
\$0	\$0	\$0	\$0	\$0	\$117,870
\$2,939	\$19,280	\$0	\$0	\$0	\$719,485
\$180	\$1,184	\$0	\$0	\$0	\$41,225
\$425	\$5,153	\$0	\$0	\$0	\$43,213
\$92	\$400	\$0	\$0	\$0	\$40,480
\$0	\$21,609	\$0	\$0	\$0	\$21,609
\$0	\$0	\$0	\$0	\$0	\$124,922
\$0	\$0	\$0	\$0	\$0	\$38,801
\$38,464	\$846,868	\$0	\$0	\$10,883	\$5,583,836
\$0	\$10,969,196	\$10,223	\$3,758	\$31,351	\$13,086,582
\$0	\$0	\$0	\$0	\$0	(\$949)
\$369,461	\$7,407,347	\$0	\$0	\$0	\$7,895,412
\$0	\$2,907	\$0	\$0	\$0	\$1,556,676
\$407,925	\$8,257,122	\$0	\$0	\$10,883	\$15,034,975
\$0	\$0	\$0	\$0	\$0	\$252,216
\$0	\$0	\$0	\$0	\$0	(\$252,216)
\$0	\$0	\$0	\$0	\$0	\$676,001
\$0	\$0	\$0	\$0	(\$676,001)	(\$676,001)
\$0	\$0	\$0	\$0	(\$676,001)	\$0
\$13,236	\$3,558,942	\$10,223	\$3,758	(\$644,650)	\$4,018,140
\$0	\$0	\$0	\$0	\$0	\$0
\$102,068	\$2,152,374	\$2,065,921	\$709,027	\$8,646,056	\$37,647,951
\$0	\$0	\$0	\$0	\$0	\$1,179,843
\$0	\$0	\$0	\$0	\$0	\$0
	19,352	-		-	29,348
	17,823	-		-	27,178

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2011

<i>Federal Grant/Pass-through Grant/Program Name</i>	<i>CEDA Number</i>	<i>Grant Number</i>	<i>Grants</i>	
			<i>Receipts</i>	<i>Expenditures</i>
Department of HUD				
PHA-Owned Housing	1480	FW1132	\$ 3,578,604	\$ 3,578,604
Capital Grant(s)	1482		1,179,848	1,179,848
ARRA Capital Grant Recovery	1485	LA-4800-40109	-	-
				-
				-
DHPME	1486		13,208	13,208
Section 8 Moderate Rehabilitation	1486	FW2074	40,008	40,008
Disaster Housing Assist. Grant	97.109		-	-
Shelter Plus Care Renewal	1428	LA-4840-1001	50,463	50,463
Section 8 Housing Choice Vouchers	1487	FW228V	11,786,597	11,786,597
				<u>\$ 17,087,73</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

Notes to the Schedule of Federal Financial Assistance

For the Year Ended September 30, 2011

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of all federal awards programs of the Housing Authority of The City of Lake Charles (the Authority). The Authority's reporting entity is defined in Note 1 of the notes to the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Note 2 - Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's basic financial statements.

**Note 3 – Relationship to Basic Financial Statements**

Federal awards revenues are reported in the Authority's basic financial statements as follows:

<u>Federal Sources</u>	<u>Amount</u>
General	\$ 4,758,447
Section 8	<u>12,270,326</u>
	<u>\$ 17,028,773</u>

**Note 4 – Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners  
Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

I have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated March 15, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority of The City of Lake Charles' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of The City of Lake Charles' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of The City of Lake Charles' internal control over financial reporting.

*A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.*

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My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of The City of Lake Charles' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

*William V. Trimm*

Lake Charles, Louisiana  
March 15, 2012

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## Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Commissioners  
Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

### Compliance

I have audited the compliance of the Housing Authority of The City of Lake Charles with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. The Housing Authority of The City of Lake Charles' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of The City of Lake Charles' management. My responsibility is to express an opinion on the Housing Authority of The City of Lake Charles' compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of The City of Lake Charles' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Housing Authority of The City of Lake Charles' compliance with those requirements.



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In my opinion, the Housing Authority of The City of Lake Charles, complied, in all material respects, with the requirements referred to above that would have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

## **Internal Control Over Compliance**

The management of the Housing Authority of The City of Lake Charles is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Housing Authority of The City of Lake Charles' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of The City of Lake Charles's internal control over compliance.

*A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.*

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My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board, management, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24 513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

*William V. Trimm, CPA*

Lake Charles, Louisiana  
March 15, 2012

Housing Authority of The City of Lake Charles

Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2011

**SECTION I- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued **Unqualified**

**Internal Control over financial reporting:**

- Material weakness(es) identified?      ☐ yes    ☒ no
- Significant deficiency(ies) identified?    ☐ yes    ☒ none reported

**Noncompliance material to financial  
statements noted?**

☐ yes    ☒ no

**Federal Awards**

**Internal control over major programs:**

- Material weakness(es) identified?      ☐ yes    ☒ no
- Significant deficiency(ies) identified?    ☐ yes    ☒ none reported

Type of auditor's report issued on compliance for major programs **Unqualified**

Any audit findings disclosed that are required  
to be reported in accordance with Section  
510(a) of OMB Circular A-133?

☐ yes    ☒ no

**Identification of major programs:**

- a. CFDA 14.856 Lower Income Housing Assistance Program
- b. CFDA 14.871 Section 8 Housing Choice Voucher Program
- c. CFDA 14.850 PHA Owned – Low Rent Public Housing
- d. CFDA 14.872 Public Housing Capital Fund Program
- e. CFDA 97.109 Disaster Housing Assistance Grant
- f. CFDA 14.885 ARRA CFP(2009)-Capital Grant Recovery

Dollar threshold used to distinguish between type A & B programs **\$ 510,863.**

Auditee qualified as low-risk auditee?

☒ yes    ☐ no

Housing Authority of The City of Lake Charles  
Lake Charles, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2011

**Section II-Financial Statement Findings**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

There were no significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, or abuse related to the financial statements for which ***Government Auditing Standards*** requires reporting in a ***Circular A-133*** audit